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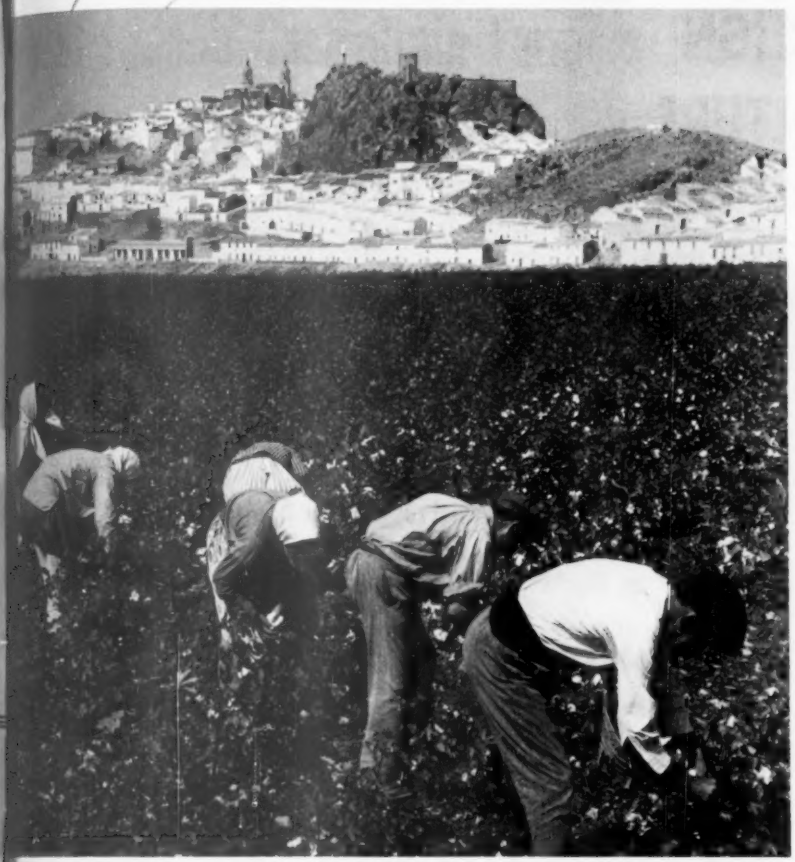

JUNE 27, 1966

FRANCE: COMMERCIAL GRAIN VERSUS CATTLE FATTENING

U.S. FARM EXPORTS TO EEC SHOW INCREASE

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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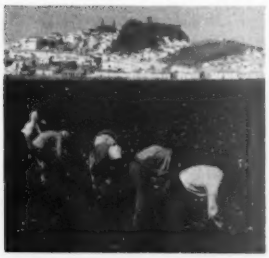

Picking cotton, Cadiz Province, Spain. Highlights of the country's agriculture and trade appear on page 16—one of a series of country profiles being featured by *Foreign Agriculture* each week.

Contents

3 Will French Cash Grain Farmers Start Fattening Cattle?

5 U.S. Farm Exports to the Common Market Show Increase

7 EEC Council To Act Soon on Proposal for Common Prices

7 Prospects for World's 1966-67 Wheat Harvest Are Generally Good

8 Japan To Import More Feed in 1966

8 Title IV Financing Exceeds $800 Million

8 Meat Imports Are Below Quota Level

9 Britain Has Sales Potential for American Peanuts and Pecans

10 Combination Export Managers Lend a Hand in U.S. Farm Trade

11 Top-Notch Service in Shipping Hatching Eggs Wins President's "E" Citation for CWT Farms

12-15 World Crops and Markets (Commodity index on page 15)

16 Highlights of the Agriculture and Trade of Spain

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Will French Cash Grain Farmers Start Fattening Cattle?

While the answer probably is "not yet," this question is now being vigorously discussed in French agricultural circles.

By HAROLD L. KOELLER
Assistant U.S. Agricultural Attaché
Paris, France

Cash grain farmers in northern France are taking new interest in the question of whether they should continue to sell their grain or start feeding it to cattle. A major shift toward feeding could substantially affect French grain exports, now running at the rate of 4 million metric tons of wheat, 2 million tons of barley, and 800,000 tons of corn a year.

Many leading farmers and professional workers have sought information from the U.S. Agricultural Attaché about American methods of finishing beef in the Middle West and on the construction and operation of feedlots. Quite a few have begun producing baby beef, although the fattening of cattle with grain is not yet widespread.

Experts discussing beef

The students of the National Agricultural College in Paris recently organized a 2-day seminar entitled "Year 1966: Beef," where agricultural leaders and livestock specialists discussed beef supply and distribution problems.

According to one speaker, the beef deficit of the United Kingdom, West Germany, and Italy will total at least 1.5 million metric tons in 1970, and experts forecast that France could supply one-third of this deficit, or one-half million tons. However, the French Fifth Plan (1966-70) calls for increasing beef exports only to 100,000 tons. Therefore, the speaker said, France could export 500,000 tons of beef only if there were a revolution in the organization of French beef output and distribution.

An indication of the importance this subject has assumed is that the Association of Wheat and Other Grain Producers (AGPB) is devoting one session of its annual congress to discussion of the relationship of grain production to livestock raising. Their president, Mr. J. Deleau, participated in "Year 1966: Beef."

In France beef production comes mostly from dual-purpose cattle and is thus closely tied to dairy production. In fact, beef may almost be described as a byproduct of milk production. There are, however, several good beef breeds, the best known of which are the famous Charolais and the Limousin. Nevertheless, the major part of French beef is produced from the slaughter of dairy cows and from young bulls of the dairy or dual-purpose breeds grown on grass pastures to the age of 30 to 36 months.

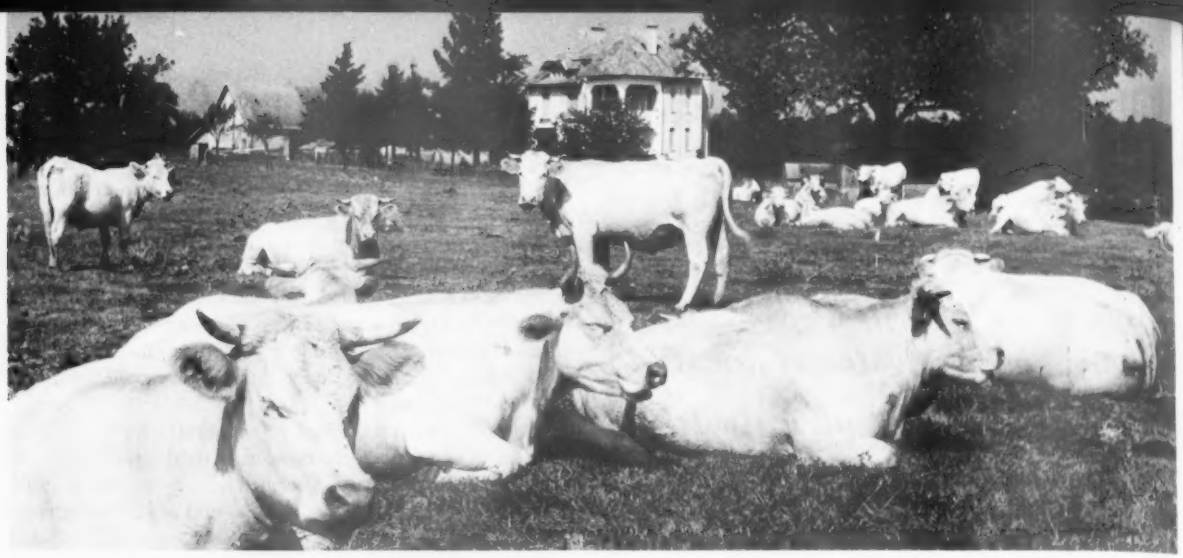
French beef cattle have traditionally been fed little or no grain. During the last couple of years some groups of farmers organized into production cooperatives (SICA's) have been producing baby beef with rations based on alfalfa pellets and dried sugarbeet pulp. Results have been fairly successful, and these projects have created further interest in beef feeding. Moreover, the supplies of sugarbeet pulp are limited, so that some feeding of barley with alfalfa pellets has been tried.

Problems of grain feeding

One objection traditionally raised by French farmers to the production of baby beef is that in most French livestock markets the price received is lower than that for older cattle grown on grass, owing to consumer preference for dark red beef.

An objection to fattening cattle with grain has come from the traditional preference of the French for lean beef, probably the result of its availability to them over the centuries. Another problem is that prices for grain are high in relation to cattle prices, which tends to make grain feeding unprofitable. These are some of the objections which must be overcome if grain-feeding of baby beef and yearlings is to become widespread.

Grain harvest in full swing north of Paris.



Charolais herd at pasture. (Photos, French Ministry of Agriculture.)

In a recent newspaper interview, Mr. Deleau discussed some of the pros and cons of feeding grain to cattle rather than exporting it with large, costly subsidies.

Mr. Deleau pointed out that the larger part of the grain produced in France is consumed on farms by livestock, and that French grain farmers have always considered the possibility of feeding more grain and exporting less. Conditions are about to change within the Common Market: Dutch and Belgian pork producers and German poultry growers will be paying the same relatively high prices for grain as French growers do. But Mr. Deleau warned that livestock production is much more difficult than crop production and that to increase livestock productivity requires more time.

Nonetheless, he said, the growing reality of the Common Market has meant that the cost to the French Treasury for exporting barley was reduced from about 60 cents a bushel last season to about 25 to 30 cents this season (because less of the crop was being exported to third-country markets).[1] He added that next year it will not be France which finances exports, but the Common Market.

Comments on grain prices

Discussing the high price of grain relative to the prices of livestock, Mr. Deleau asserted that livestock prices in France have risen since 1962, whereas grain prices are at about the 1962 level. He explained that Common Market prices are the result of political negotiations. That is why meat production cannot be increased unless both technical and social problems are solved.

Mr. Deleau went on, "We must contemplate new structures for livestock production which require considerable investments. Northern grain farmers hope livestock producers in the south of France will increase their output and their purchases of grain, which should assure a fair market price for grain growers." If grain growers don't get an adequate price and livestock producers don't modernize, cash grain farmers will be tempted to shift to livestock feeding, according to Mr. Deleau.

Grain exports are costly

With regard to the high cost of exporting wheat outside the Common Market, Mr. Deleau said that in most countries the world price bears little relation to the farm price. Even in Canada, producers receive some subsidy. In the United States, he said, the price received by the farmer is comparable with that received by the French farmer whose wheat sales are large enough to put him in the upper bracket of the surplus removal or "resorption" tax.[2] This tax is applicable to the wheat he produces beyond his share of the national quantum (the domestic share of the crop).

Nevertheless, taking account of transportation costs, taxes, and other expenses, about $40 per metric ton (on the average) is lost on French wheat exports. Of this, two-thirds is paid by the government and one-third by the growers through the resorption tax.

Frequently, Mr. Deleau remarked, one hears it said that French grain-farming techniques are inferior to those of the United States and Canada. But, though U.S. productivity per man is unbeatable because of the country's immense plains, it is in Europe and France that productivity per acre is highest. Only agricultures that are comparable should be compared, he maintained.

Outlook for grain/beef shift

From the above interview, it seems evident that at this time cash wheat and barley producers will study the possibilities of livestock, mainly beef and pork production, with great interest. But also, they will exercise great care before proceeding to convert to livestock.

The many problems—technical, social, and economic—offer roadblocks to the rapid conversion of northern France from a cash grain area to a livestock economy. Despite these obstacles, the long-term outlook for strong beef demand is leading some prominent grain farmers to experiment with grain-feeding cattle. This could be the beginning of a revolution in French agriculture.

EDITOR'S NOTES:

[1]Another reason for smaller export costs was the higher world price for barley.

[2]Mr. Deleau was comparing the average return to all U.S. farmers with that to only the larger commercial French producers; the average 1965 return to all French wheat producers was approximately $80 per metric ton, or about $2.18 per bushel, while in the United States, after the value of certificates was included, it was about $1.68 per bushel.

U.S. Farm Exports to the Common Market Show Increase

Bigger sales of grain, soybeans, fruits, tobacco, and other commodities may exceed $1.6 billion for fiscal year 1966–but future is uncertain.

By REED E. FRIEND
Foreign Regional Analysis Division
Economic Research Service

Exports of agricultural commodities from the United States to France, West Germany, Italy, Netherlands, Belgium, and Luxembourg—the six members of the European Economic Community—are expected to surpass $1.6 billion in fiscal year 1966.

The value of agricultural exports during the first three-quarters of the current fiscal year is running substantially above earlier comparable periods even though export values of some commodities have declined. In many cases, the increased export of U.S. farm products has been stimulated by unfavorable weather throughout much of the Community.

Wheat exports higher

Wheat and flour exports from the United States to the Community are valued at $79 million for July-March 1965-66. This is more than triple the level of the previous period but only slightly above that of July-March 1963-64.

Although total wheat production in the EEC was nearly 1 million metric tons higher in 1965 than in 1964, part of the crop was below-average quality because of a wet harvest. In West Germany, one of our biggest markets, wheat production declined 16 percent. The surplus soft wheat produced in France was traded largely to areas outside the EEC. Because of the strong demand for Canadian wheat in Communist areas, U.S. wheat exports to the Community met with less competition.

Feed grains and soybeans up too

U.S. exports of feed grains, soybeans, oilcake, and oilmeal to the EEC during July-March 1965-66 reached a value of $718 million, an increase of more than 40 percent over the same period a year earlier. During the first half of fiscal 1966, exports of feed grains and soybeans to Italy showed a steep rate of increase over the earlier comparable period; also, exports to West Germany and Belgium-Luxembourg rose by one-third, and those to the Netherlands by one-fourth. Exports to France declined.

The EEC's total feed grain production in 1965 was about equal to 1964 output—approximately 26 million metric tons. Production declined in five of the EEC countries, but in France increased nearly 2 million tons.

The "montant forfaitaire"—the granting of a price preference on intra-Community grain trade—has promoted grain-trade expansion within the EEC. Nevertheless, the 1965 feed grain import requirements of the feed-grain-deficit members, where production dropped 1.6 million metric tons below the 1964 level, was met mainly by nonmember suppliers, principally the United States.

West Germany, suffering severe grain losses because of poor harvesting weather, also had reduced output of feed beets and potatoes. The feed beet crop was 10 percent below that of 1964, and production of potatoes, half of which usually go for feed, dropped 14 percent.

The increasing livestock and poultry numbers in the Community, particularly of broilers, are aiding expansion of U.S. exports of oilseeds, oilcake, and oilmeal. There is also a growing acceptance throughout the Community of soybean oilcake and meal as highly desirable protein supplements. Another "plus" in the increased exports of soybeans was their favorable price compared with other oilseeds and with fishmeal.

Fruits and vegetables doing well

U.S. fruit and vegetable exports to the EEC totaled $79.4 million during the July-March 1965-66 period, up 18 percent from those of the same period the previous year and 12 percent above July-March figures for fiscal 1964. West Germany is the major market, followed by the Netherlands, Belgium-Luxembourg, and France, with Italy—the EEC's major producer—coming in last.

Fruit production in the EEC fell off in 1965, largely because of a reduced harvest of deciduous fruits, notably apples and pears. A series of wind storms and heavy rains during the summer reduced the apple crop in Italy, while the combined pear crop of Italy, West Germany, and France was almost one-fourth below 1964 output.

The United States, in the current fiscal year, is doing exceptionally well in the export of fresh grapes, apples, and pears to the EEC. Movement of dried prunes and raisins to the EEC has also been active; the large U.S. pack and our favorable prices have been responsible.

Poultry, variety meats

U.S. poultry and egg exports to the EEC during July-March 1965-66 were valued at $25.1 million, about $2.9 million above those of the previous comparable period but below exports for July-March in fiscal 1964. The biggest importer is still West Germany, which takes about three-fourths of U.S. poultry and egg exports to the EEC.

The export value of turkeys shipped to the Community showed a 48-percent increase between 1965 and 1966 in the July-March periods ($15.4 million compared with $10.4 million). The increase is attributed to larger exports of turkey parts, which are subject to lower levies than whole birds, and to increased consumer acceptance of turkey through market promotion programs. The Italian Government's 1965 decision to permit imports of turkey parts, as well as some substitution of turkey for higher priced meats, such as beef and veal, was also responsible. The total value of other U.S. poultry and egg exports to the EEC actually declined by over $2 million.

Variety meats exported by the United States to the EEC continued their uptrend, rising to a value of $26.7 million for July-March 1965-66. There is strong demand for variety meats in the EEC market stimulated by relatively high domestic meat prices; the EEC takes about two-thirds of U.S. variety meat exports.

Tobacco shows rise

U.S. tobacco exports to the EEC amounted to $89.2 million in the July-March 1965-66 period, about $17 million above the July-March 1964-65 level and $12.6 million above that of the same period the year before.

Tobacco production in the EEC in 1965 was at the previous year's level. However, tobacco production in the EEC's associated members—Turkey and Greece—was about average in Turkey, at 120,000 metric tons, while production in Greece dropped below the unusually large output in 1964 by some 20,000 metric tons.

Cotton and dairy exports down

The United States continued to face a declining market for cotton in the EEC. Exports during the July-March period dropped in value from $163 million in 1963-64, to $111 million in 1964-65, and to $44 million in 1965-66.

Italy is the only EEC member producing cotton, and output has been declining, amounting to only 4,400 metric tons in 1965. However, world cotton production has expanded in recent years, and this has caused increased competition for the United States in a commodity area where synthetic fibers are gaining. Also, U.S. cotton prices have been undercut frequently by competitors.

Exports of dairy products to the EEC dropped from $42.8 million in July-March 1964-65 to $18.1 million, a value also below the July-March 1963-64 level. The sharp uptrend in the fiscal 1965 period resulted mainly from exports of nonfat dry milk, but this market has practically disappeared because of expanded output in the EEC and the exhausting of U.S. surplus stocks.

Future depends on EEC policies

Simply stated, the future of U.S. agricultural exports to the Community rests largely on the trade and production policies pursued by the EEC. The United States is hopeful that access to EEC markets will be assured and that common price levels will not be set at economically unrealistic high levels. However, the EEC's Common Agricultural Policy (CAP), which is coming more and more into play, gives clear indications of a highly protected market.

Wheat production in the EEC this year may fall below the 1965 level as a result of reduced fall planting, and this could mean larger wheat imports. However, unplanted wheat areas are being diverted to feed grains, output of which is expected to increase above the 1965 level.

In considering probable U.S. feedstuff exports in 1966, any expected expansion in Community output of feedstuffs would need to be balanced against the expanding domestic production of livestock and livestock products, including poultry. The trend toward greater commercial feed formulation and nutritional upgrading of animal rations is among the several factors indicating a continued expansion of U.S. exports of oilseeds to the EEC.

Fruit production in the Community has been adversely affected by unfavorable weather for the last few years, and occurrence of a more favorable weather cycle could substantially reduce the buying of U.S. deciduous fruits. More stringent controls are expected to be placed on imports from nonmember countries.

A CAP for tobacco is now under consideration in the Community. Lack of acreage control or other forms of supply management, along with high price supports, would certainly increase Community output and lower imports from nonmember countries. Tariffs on tobacco imports into EEC member countries are now on an ad valorem basis which discriminates against quality U.S. leaf.

Sanitary regulations a question

Exports of variety meats to the EEC have consistently shown an uptrend. Tariffs are bound at 20 percent ad valorem under the General Agreement on Tariffs and Trade (GATT). U.S. exports of variety meats to the EEC, however, exist under tenuous circumstances, for a rigid application of existing meat sanitation regulations enacted by the EEC could stop importation. U.S. officials are attempting to work with EEC officials in developing standards acceptable to both the EEC and the United States.

Surplus or near-surplus milk production in the EEC indicates little chance of expanding U.S. dairy product exports to that area. The EEC is already in the midst of a butter surplus, and per capita consumption of fluid milk appears to have stabilized in several of the Common Market countries (the notable exception being Italy). Efforts to expand beef production, now largely a byproduct of the dairy industry, will probably result in greater milk production.

Cotton exports to the EEC by the United States have declined sharply during the past 3 years but should show substantial improvement in the year ahead. While the new U.S. cotton program is expected to improve exports, it remains to be seen what competitors will do to negate the U.S. efforts in this respect.

U.S. AGRICULTURAL EXPORTS TO THE EUROPEAN ECONOMIC COMMUNITY, SELECTED PERIODS

Commodity	Fiscal year			Fiscal period July-March		
	1962-63	1963-64	1964-65[1]	1963-64	1964-65	1965-66[1]
	1,000 dol.[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]
Total	1,069,604	1,332,814	1,370,578	1,021,028	1,039,653	1,251,121
Wheat including flour	48,989	98,935	40,575	77,766	23,178	79,221
Feed grains	274,324	278,161	377,738	209,239	277,076	414,527
Soybeans, oilcake, and oilmeal	[3]163,826	[3]193,934	[3]200,086	183,246	231,262	303,127
Fruits and vegetables	96,014	88,363	88,235	70,637	67,329	79,432
Vegetable oils, expressed	13,346	29,630	41,462	20,908	28,818	14,008
Poultry and eggs	30,240	35,836	31,294	26,632	22,197	25,133
Variety meats	18,140	26,335	32,533	18,689	23,784	26,749
Lard and tallow	25,251	34,924	36,202	26,250	27,336	28,405
Tobacco, unmanufactured	103,115	105,702	104,065	76,524	71,961	89,157
Cotton, excluding linters	86,847	191,052	127,262	162,563	111,235	43,873
Other	209,512	249,942	291,126	148,574	155,477	147,489

[1] Preliminary. [2] Value at the port of exportation. [3] Soybeans only.

EEC Council To Act Soon on Proposal for Common Prices

The Council of the European Economic Commission is expected to make a decision by July 1 on common prices for milk and milk products, beef, rice, sugar, oilseeds, and olive oil, on the basis of a proposal submitted early this spring by the EEC Commission.

A Council decision on common prices is considered by the EEC to be a prerequisite to tabling additional agricultural offers in the Kennedy Round of trade negotiations, and is a significant step in the evolution of the Common Agricultural Policy.

Agreement on common grain prices was reached in the December 1964 marathon sessions of the Council, with an effective date of July 1, 1967. For the new group of commodities the proposed prices and the timetable for application are as follows:

Commodity	Price class	Unit	Price	Effective date
			U.S. dol.	
Milk (3.7 percent butterfat)	Target	Cwt.	4.30	Apr. 1, 1968
Butter	Intervention	do	79.87	do
	Threshold	do	86.66	do
Cattle, medium quality	Guide[1]	do	30.02	do
Calves, medium quality	Guide	do	40.56	do
Rice	Basic target	do	8.21	Sept. 1967
	Intervention:			
	Italy	do	5.43	do
	France	do	5.58	do
	Threshold	do	8.05	do
Sugar (refined)	Target	do	10.75	July 1, 1968
	Intervention	do	9.44	do
Sugarbeets (16 percent sugar content)	Minimum	do	.75	do
Oilseeds	Norm[2]	Metric ton	186.00	July 1, 1967
	Intervention	do	174.00	do
Olive oil	Norm[2]	do	1,110.00	Nov. 1, 1966

[1] Also called target or orientation price. [2] The price which Community policy attempts to obtain for producers, resulting in subsidies if not obtained on the free market.

The Commission, in making the common price proposal, stated that the goals of higher farm incomes and reasonable consumer prices are antagonistic but that the proposed prices represented a satisfactory compromise. Foreign trade aspects allegedly were also taken into consideration in the proposal.

Commodity price relationships, as well as common price levels, were important considerations for the Commission. Grain price levels influence the output of livestock and livestock products. Various crops compete for land use in traditional rotational patterns; for example, sugarbeets and rape compete with grains, grasses and legumes with grains, and rice with corn. Beef and dairy production are closely allied in the EEC, and the price relationships between these commodities are crucial in avoiding excessive milk output while promoting beef production.

The Commission has taken the common grain prices established earlier as the basis of the whole agricultural price structure. The Commission used these common grain prices, historical price relationships, and projected production levels for each commodity to establish price ratios for determining the proposed absolute prices:

Commodities	*Price ratio*
Wheat:sugarbeets	1:0.16-0.18
Corn[1]:rice[1]	1:1.56-1.60
Wheat[1]:rape[1]	1:1.79-1.83
Wheat:milk	1:0.98-1.05
Milk:cattle (first quality)	1:7.3 (6.75-7.50)
Cattle:calf	1:1.35

[1] Intervention price.

As previously mentioned, the Commission faces the dilemma of attempting to increase beef output to meet the rising demand without increasing milk production and adding to the evolving dairy surplus. The Commission has proposed a beef-milk price ratio of 7.3:1, feeling that this ratio will result in some shifting of inputs from dairy production into beef production. Wishing to encourage heavier slaughter weights, the Commission also proposed a cattle-calf price ratio of 1:1.35 which is higher than the historical price ratio.

Calculations were also made by the Commission on the probable effects of the proposed prices on the cost-of-living index in each member state. Using 1965 prices as a base, the Commission estimated that the index would rise by 1 percent in the Netherlands, 0.67 percent in France, and 0.40 percent in Belgium. Declines in the index of 0.40 percent for Italy and 0.02 percent for West Germany were estimated.

Concurrent with setting a timetable for the proposed prices, the Council agreed upon regulations for financing the European Agricultural Guidance and Guarantee Fund. Most of this fund will serve to subsidize agricultural exports to nonmember countries and for intervening in the domestic market, when necessary, to obtain the common price levels.

—ROBERT E. SHEPHERD
Foreign Regional Analysis Division, ERS

Prospects for World's 1966-67 Wheat Harvest Are Generally Good

U.S. wheat output this year was estimated in early June at 1.235 billion bushels, which would be 7 percent less than last year, although somewhat above the average of the 5 years previous. This estimate might be trimmed further as a result of the violent mid-June storms that hit some principal U.S. winter wheat areas.

Prospects in other major wheat-producing countries, while showing considerable variation, are generally favorable.

Canada expected to have 29,616,000 acres in wheat this year compared with 28,282,000 a year earlier, but cool, wet weather has delayed planting to some extent. In the Prairie Provinces, where nearly all Canada's wheat grows, winter and spring precipitation has been above average and moisture conditions from good to excellent. Moisture reserves are the best in years.

France will probably have a crop estimated at about 12.5-12.8 million tons (460-470 million bushels)—down between 10 and 13 percent from 1965.

Argentina looks forward to a large wheat acreage. The government, by upping producer prices to an advantageous level, is encouraging increased seeding.

Australia expects a bigger crop than that of 1965-66, which was sharply reduced by drought.

Communist China is reported to have a wheat crop even smaller than the reduced one of last year.

The USSR has good winter wheat prospects though acreage is believed smaller than in 1965. Spring seedings were ahead of schedule in some principal areas, with yields reported as looking favorable.

Europe has had favorable moisture and weather in the south, and Italy, Spain, and Greece expect very good crops. These prospects offset to a great extent the reduced acreages of the north, caused by an early winter and continued above-average, which limited seeding.

Total production of the Common Market countries is forecast as not greatly different from the past 2 years. Principal declines are in France and Belgium. Production in the Netherlands will be moderately below that of 1965. Germany, despite an acreage smaller than planned, is expected to have a better crop than the rather poor one of last year. Recent reports indicate high yields.

Asia has prospects moderately below last year's record. Good crops in Turkey and Iran are offsetting losses in the east Mediterranean area. The harvests of India and Pakistan, though not at last year's record levels, compare favorably with those of 2 years ago.

Japan To Import More Feed in 1966

While total feed grain requirements for Japan in Japanese Fiscal Year (JFY) 1966 have been estimated as the same as for JFY 1965—15.5 million metric tons—the estimated actual import requirement is 6.3 percent higher. The increase could be as much as 10 percent higher, especially when imports of alfalfa pellets are considered.

The estimate was made on a Total Digestible Nutrient (TDN) basis by Japan's Feed Deliberation Council (FDC), an advisory body to the Japanese Government which annually plans a feed supply and demand program so that estimates for feedstuff imports can be made.

The total requirements are based on all feedstuffs, ranging from commercial mixed feed to forage crops and pasture grasses. Domestic feedstuff is expected to supply 10.5 million metric tons and imports the remainder.

According to the plan, feed materials for import are expected to increase more than 10 percent. These include milo, bran other than wheat, and rice, wheat, barley, nonfat dry milk, and molasses. Corn imports are expected to rise less than 10 percent, while imports of wheat for bran, rice bran, soybean meal, and fishmeal are to equal the JFY 1965 level. Imports of vegetable oilseed meal (excluding soybean meal), rye, oats, and animal protein meals are expected to drop.

Corn imports (including corn for industrial purposes) in JFY 1966 are estimated by the FDC at 3.1 million tons, with the United States supplying about 2.5 million. The government will attempt to increase the corn stockpile from the present 54,000 tons to the target of 150,000. According to the FDC, milo imports will be 1.4 million.

Commercial production of mixed feeds in the year ending June 30, 1965, totaled 7,498,000 metric tons, up more than 15 percent from the 6,539,000 tons produced in the same period of 1963-64. Mixed feed production from July 1965 to February 1966 is estimated at 5,478,000 metric tons—up 7.1 percent from the estimated 5,114,000 tons produced in the same months of 1964-65.

Title IV Financing Exceeds $800 Million

From the outset of Title IV, P.L. 480, programing in 1959 through June 6 of this year, the U.S. Government arranged to finance the export of $817 million in surplus agricultural commodities, including applicable ocean transportation.

A total of 84 agreements and amendments have been signed with the governments of 31 nations. In addition, the Secretary of Agriculture has entered into six agreements with private trade entities in three countries, two of which also have government-to-government agreements with the United States.

If all the commodities included in these agreements were to be shipped, total cost to the Commodity Credit Corporation (CCC) would be an estimated $1,108 million. Commodities actually shipped through April 30 of this year involved $575.5 million in CCC costs. Of this, $440.5 million were charged to the recipient governments or private trade groups for repayment under agreement terms.

As of the same date, dollar repayments to the CCC added up to approximately $55.6 million—$44.7 million in principal and $10.9 million in interest.

Title IV authorizes long-term dollar credit sales of surplus farm products and applies to those developing countries not yet in a financial position to deal with the United States on a straight commercial basis. Deliveries may be scheduled for as much as 10 years, and repayments in dollars may be spread over a maximum of 20 years, with a 2-year grace period.

At least 50 percent of the tonnage must be shipped in U.S. flag vessels, with the CCC paying the difference between U.S. and foreign-flag rates.

Meat Imports Are Below Quota Level

Revised estimates of meat imports into the United States during 1966 place the expected total at about 800 million pounds. This quantity would not require Presidential action to invoke meat import quotas for 1966 at this time.

Under legislation (P.L. 88-482) enacted in August 1964, if yearly imports of certain meats—primarily beef and veal—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to take action. The adjusted base quota for 1966 is 890.1 million pounds. The level of estimated imports which would trigger its imposition is 110 percent of the adjusted base quota, or 979.1 million pounds. This year's expected meat imports are 18.3 percent below this level.

The 800-million-pound estimate of fresh, chilled, or frozen cattle meat and meat of goats and sheep, other than lamb, which will be imported is based on detailed surveys of trade and other information. It compares with actual imports of 614 million pounds in 1965, 740 million in 1964, and 1,048 million in 1963.

Prices to U.S. farmers are currently averaging 23 dollars cwt., or 10 percent higher than last year.

Britain Has Sales Potential for American Peanuts and Pecans

With the trend for savory foods—cocktail snacks and such—on the rise in Great Britain, that country could very well become a bigger market for American peanuts and pecans.

This fact came to light last month when the U.S. Department of Agriculture in cooperation with various segments of the U.S. food industry staged a large showing of American foods at the 32d Grocers Exhibition in Manchester, England.

American peanuts in all forms—raw, salted, peanut butter, peanut candy—were featured. "My youngsters love peanuts, eat them right out of the shell," said one British housewife. And a man strolling by was heard to exclaim, "Well, this is the first time I ever knew that America grew peanuts!"

U.S. peanuts, of course, are not new to the British market, but what is new is the jump in sales that has taken place. In 1964, U.S. peanut growers and exporters sold the United Kingdom nearly 3.5 million pounds of shelled peanuts, at slightly over 10 cents a pound. Last year, sales jumped to 9.7 million pounds, and the price averaged a bit over 11 cents a pound.

More peanuts eaten

Edward F. Gilliam, consultant to the U.S. National Peanut Council, who directed the peanut display, feels that this is just the beginning.

"Several years ago our exporters were discouraged," he said. "They claimed that the African countries and India had the market because of their Commonwealth preferences, but when they began to really push their product, look what happened. Sales nearly tripled.

"Right now peanuts are going over big in England. We made a study a couple of years ago and found that the British were eating more peanuts per capita than ever before. Seems that all the pubs serve them, and they're popular at cocktail parties."

Mr. Gilliam is even optimistic about peanut butter, which is almost unknown to the British mother. "It's just a matter of educating the public to its taste and food value," he added.

Also introduced to British buyers were the new low-fat, long-shelf-life peanuts, processed to remove 80 percent of their oil and 75 percent of their calories. A special display showed how the treated peanuts are reconstituted into edible form.

Pecans interest confectioners

Unshelled pecans are a good holiday item in England, imports from the United States averaging 1.0 million pounds a year. And while unshelled pecans are less well known than peanuts, they too are becoming more popular as a savory. At the show, however, much of the interest in pecans came from British confectionery manufacturers who are anxious to try pecans in their candy lines. Those who inquired about shelled pecans were mainly buyers for shops and department stores that handle specialty foods.

According to Glenn Olmstead, who represents the Gold Kist Pecan Growers in London and who had charge of the display at Manchester, the United Kingdom could develop into a larger market for U.S. pecans.

"Right now our prices are competitive," he said. "Our big job, though, is to interest the candy manufacturers, and to that end we gave them generous samples. The British are fond of sweets, and if we can get consumer acceptance, we would have a real market here."

Left, British food buyer, right, discusses prices of pecans with Glenn Olmstead. Right, small boy faces big decision—shall he try salted peanuts or peanut butter and cracker?

Specialists in overseas selling

Combination Export Managers Lend a Hand in U.S. Farm Trade

"Ready made export department without the addition of any extra selling expense," reads the sales brochure of a leading combination export management firm (CEM)—one of the several types of export middlemen deeply involved in U.S. foreign trade.

It and the nearly 1,000 other CEM's operating in the United States engage in all phases of exporting—from getting products aboard ships to winning over customers and preparing advertising copy. These skills they offer for a fee to U.S. producers who lack the resources to develop foreign markets on their own.

Though most of the CEM firms are involved in nonagricultural trade, some do export canned, processed, and specialty food items and fresh fruits. (Most products that can be moved in bulk—like grains and soybeans—are exported by large trading firms and individual producers have virtually no involvement in the trade.)

Representative of the larger CEM's handling U.S. fresh and processed foods is a company in New York which has been in the business some 50 years, is currently selling in 91 countries, and has 191 sales agents in those countries. Describing his firm's operations, the company president says, "We maintain a fully staffed export office in New York with large shipping and forwarding departments, a banking and credit department containing credit files on customers over the world, and capabilities in six or seven languages.

"Our main services are sales promotion and product advertising. We have often taken on a company and built up an extensive trade: A leading apple-processing firm, for instance, came to us about 5 years ago as a domestic supplier only; today, it has markets in over 35 countries.

"Merchandise is sold in the name of our clients at the U.S. wholesale price. We also have a rather unusual plan, our combination order service, for overseas supermarkets or large stores that wish to import directly."

Another CEM, which exports fresh and dried fruits from the Pacific coast to Western Europe, offers somewhat different services—including continuous crop and market information and efforts to develop new types of containers for overseas shipping.

Still another—an exporter of fresh citrus and dried fruits and frozen and canned foods—concentrates on the big Japanese market. It reports "'a doubling of sales each year for many commodities we export" and a jump to first place among suppliers of citrus to Japan in less than 6 months after taking on California citrus.

CEM functions also include documentation, insuring shipments, registering trademarks and/or patents, and preparing advertising filmstrips.

The combination export manager is able to extend such a wide range of services because of his high degree of specialization and the large volume of his export business. Generally, he handles a number of commodities that are noncompetitive but allied. He might, for instance, export one processor's canned applesauce, apple slices, and apple juice; another's canned peaches and pears; and another's

Combination Export Management Firms That Handle U.S. Foods and Produce*

Abbot International Co.
149 California St.
San Francisco, Calif.

Allied Canners & Packers
444 Market St.
San Francisco, Calif.

Atkins-American Co.
P.O. Box 5147
Flint, Michigan

The Augustine Company
10232 Woodley Ave.
Sepulveda, Calif.

BNS Internat'l Sales Corp.
52 Broadway
New York, N.Y. 10004

D. B. Berelson & Co.
244 California St.
San Francisco, Calif.

Mark Bernstein Co., Inc.
64 Pine St.
San Francisco, Calif.

Brewster, Leeds & Co.
22 West 38th St.
New York, N.Y. 10018

Cardinal Export
135 West 29th St.
New York, N.Y. 10001

A. E. Chew & Co., Inc.
17 Battery Place
New York, N.Y. 10004

Connell Bros. Co. Ltd.
320 California St.
San Francisco, Calif.

Consumer Products Co.
64 Pine St.
San Francisco, Calif.

Dodwell & Co., Ltd.
120 Wall St.
New York, N.Y. 10005

Fairco, Inc.
518 Gravier St.
New Orleans 5, La.

Gordon Fenell Co.
Cedar Rapids, Iowa

Getz Bros. & Co., Inc.
640 Sacramento St.
San Francisco, Calif.

Hemisphere Internat'l
1401 Hibernia Bldg.
812 Gravier St.
New Orleans, La.

John Stanley Horn, Room 269
World Trade Center
San Francisco, Calif.

Jensen-McLean Co., Inc.
2503 Smith Tower
Seattle, Washington

Justfrank Co.
1301 17th St.
San Francisco, Calif.

M-C International
717 Market St.
San Francisco, Calif.

A. L. Munzig, Jr.
Munzig Internat'l Inc.
660 South Western Ave.
Los Angeles, Calif.

Produce Trading Co.
46 Newark St.
Hoboken, New Jersey

Mark Ross & Co.
829 Folsom St.
San Francisco, Calif.

Seaway Associates Inc.
808 Oakland
P.O. Box 14
Ann Arbor, Michigan

Sunrise Produce Co.
1990 Jerrold Ave.
San Francisco, Calif.

Jane Taylor Internat'l
208 West 8th St.
Los Angeles, Calif.

*The U.S. Department of Commerce listing.

canned vegetables. Such a setup allows him not only to make large shipments but also to sell several lines to a single customer and to spread promotion and research expenses.

Most combination export managers will operate as exclusive sales agents or on a buy-and-sell basis.

Firms that are hired as exclusive sales agent most often require a contract for 2 years or more, charging a flat retainer fee for initial work—when costs are high but sales small—and a sales commission thereafter. Under this plan, the CEM usually does not extend credit to overseas buyers and the processor may invoice his customers directly. In fact, transactions are often carried on in such a way that the overseas customer does not realize he is dealing with an export broker; i.e., the CEM uses the producer's letterhead paper and documents, signing them "export manager."

Under the buy-and-sell arrangement, the CEM buys from a client when overseas orders come in for his products. For these commodities, the CEM pays the domestic net wholesale distributor price less a certain percentage. An advantage of the setup is that the client does not have to extend credit to his foreign customers.

A strong selling point for the CEM is the possibility that producers using this service could eventually move into exporting on their own. Naturally enough, this sometimes transitory role can be a major headache for the CEM —especially when he loses his largest account—as the other risks of the business can also be; among these are the numerous trade restrictions in foreign markets, the seasonal nature and limited storage life of fresh commodities, and the extensive promotion and merchandising necessary to sell canned and processed items.

But for the most part, CEM's report good results with U.S. farm products and interest in moving a broader spectrum of the commodities. Over the past 5 years most of the companies interviewed have grown, recording as much as a fivefold rise in trade.

One CEM representative states: "I feel there has been a great 'Americanization' of eating habits and tastes around the world and a growing demand for and ability to purchase convenience foods. At the same time, U.S. agricultural producers are realizing that export markets hold potential additional profits."

Top-Notch Service in Shipping Hatching Eggs Wins President's "E" Citation for CWT Farms

Recognizing a product with export potential and developing the means of shipping it have won markets in 22 countries for CWT Farms, Inc., recent recipient of a Presidential "E" Award for substantial foreign sales of U.S. hatching eggs.

The Gainesville, Ga., corporation has in the 6 years of its existence seen its sales rise steadily and rapidly, with the value of fiscal 1965 sales 52.3 percent above that of the previous year. Beginning with a single breed of high-grade broiler stock, CWT can now furnish eggs for 12 breeds of chickens, 1 of turkey, and even 1 of duck. Foreign markets include Canada and 21 Latin American nations, with development of a market in Africa now under consideration.

By 1960 when CWT Farms was organized, northeast Georgia had the largest concentration of broiler producers in the world. As foreign poultrymen inspected the area with an eye toward developing their own farms, the opportunity to sell them the basic stock they would need became obvious. CWT Farms began its operations in September 1960 to deal solely in the export of baby chicks.

Losses cause switch to eggs

However, company officials soon found they would have to change their product. Although day-old chicks had been shipped successfully throughout the United States for years, shipping to Latin American markets brought staggering losses. The chicks, sent by air, became chilled at high altitudes and died when their boxes were stacked in the tropical sun. Following consultations with customers, officials decided the best way to serve this market was to ship hatching eggs, letting customers do their own hatching.

This decision brought on a new series of problems. First, the eggs needed a container superior to those used in domestic shipments. Working closely with a number of packaging firms and Latin American customers, CWT put several experimental cases into service, checking up on breakage, percent of hatchability (number of chicks per 100 eggs), and quality of chicks hatched. In this manner a container was developed which served the needs of international trade better than anything previously available.

To reduce loss of moisture during shipment and improve hatchability, a plastic inner liner was developed for the container. This "Hatch-Gard" packaging was tested for a year in cooperation with a customer in Trinidad before being perfected and put into general use.

Closes up time lag

CWT Farms has also been concerned with the time involved in getting its product to buyers. Knowing that a 1-percent loss in hatchability occurs for every day eggs are kept out of the incubator, the company began on its own farms to close up the time lag from laying house to hatchery.

Instead of picking up eggs twice a week as was customary, eggs destined for export were picked up several times a day and placed directly in a cooler. A specially designed room was built where the eggs were cleaned, graded, weighed, placed in cases, sealed, and made ready for the overseas trip. Overall result was a 2-day cut in the time required to get eggs to foreign markets.

Another problem centered around transportation schedules. Too often eggs shipped by plane from Atlanta to Miami International Airport were delayed as much as 24 hours before being routed to Latin America, and no refrigerated holding points were available to assure temperature control. Again, CWT came up with a specially designed unit, a refrigerated "rolling warehouse" which, although slower in getting eggs to Miami, is capable of holding them at proper temperature until loaded on planes.

Personal contact looms large in CWT Farms' marketing and research program. Purchases are worked out with buyers a year or more in advance to assure they will receive eggs of their specifications at the time required.

Along with its product, the firm provides customers with service and know-how, often sending skilled people to help buyers with any problems that may arise. Since CWT receives regular production records from its customers, it is able to quickly spot and service the problems they encounter.

EEC Exportable Milk Surplus Up in 1965

The European Economic Community's exportable surplus of dairy products, whole milk equivalent basis, totaled 3.5 billion pounds in 1965, more than double the quantity exported in 1964.

Only once since the signing of the Treaty of Rome has it been higher, when it reached 4.8 billion pounds, whole milk equivalent, in 1961. The 1965 surplus amounted to 2 percent of total EEC milk output. If increased stocks, particularly of butter, are considered, the surplus 5.5 billion pounds—3½ percent of total milk production.

The EEC has traditionally been a net exporter of condensed milk and dried whole milk. In 1965, net exports of these totaled 814 million and 87 million pounds, respectively. With the exception of 1964 butter exports have generally exceeded imports. Net export balance last year was 59 million pounds.

The Community has always needed to import cheese, and until 1965 this had been true to an increasing degree. It has also become a deficit area for nonfat dry milk and casein. However, with the sharp rise in milk output in 1965, imports of cheese and nonfat powder declined substantially. Net imports of cheese and skim milk powder amounted to 42 and 25 million pounds, respectively, compared with 71 and 285 million the previous year. They are continuing downward in 1966 as milk output continues to expand. On the other hand, casein imports totaled 32 million pounds in 1965, up 21 percent from the 1964 level.

Largest exporter among EEC countries is the Netherlands, which shipped out 1.4 billion pounds, whole milk equivalent, of butter, cheese, condensed milk, and dry whole milk in 1965. This accounted for about 40 percent of total Dutch milk production that year. France and Belgium have recently joined the Netherlands in the export market. In 1965 France exported the equivalent of 426 million pounds of whole milk, while Belgium-Luxembourg shipped the equivalent of 45 million pounds.

Italy and West Germany continued as deficit milk producers during 1965. Italy's deficit amounted to 582 million pounds, whole milk equivalent, while West Germany's was slightly smaller at 526 million—down substantially from a year earlier. The deficit, however, is becoming increasingly smaller as milk production continues to expand.

Canada Aids Transport of Feed Grain to Quebec

To relieve the critical feed grain supply situation in Quebec, the Canadian Government is now subsidizing the transportation of feed grains from ports in Ontario to Quebec farm areas. Points eligible for assistance are those normally supplied from Montreal and Quebec City.

Rates of transportation assistance will vary from $2.00 to $7.00 per ton of grain, depending on the distance from the Ontario port to the final destination in Quebec.

This subsidy will allow Quebec buyers to obtain grain from Prescott, Georgian Bay, and Fort William at prices about equal to normal costs out of elevators in Quebec City and Montreal. According to Agriculture Minister J. J. Greene, available supplies at Quebec elevators were running short in early June even with normal deliveries. The subsidy, he said, should assure ample supplies and the decline of prices from recently increased levels.

The program is being operated under the Agricultural Products Board Act, pending the establishment of a Canadian Livestock Feed Board.

World Rice Production Down in 1965-66

World rice production suffered a sharp reversal in 1965-66. Unlike the 2 preceding years, when weather generally favored bumper harvests, this season's crop conditions have been adverse in a majority of countries.

World production of rough rice in 1965-66 (August-July), excluding Communist Asia, is estimated at 156 million metric tons compared with the record 169 million tons of 1964-65, and a near-record 165 million tons in 1963-64. During the 5 years ended 1963-64, an average 153 million tons were produced annually.

Output declined in Asia, Europe, and Africa. Preliminary estimates indicate South America's production is about the same as in the preceding year. Harvests were larger than in 1964-65 only in North America, the USSR, and Oceania (Australia).

The principal decrease resulted from a sharp decline in the crop of India, where production fell from the bumper harvest of the preceding season to the lowest yielding crop in 8 years. Lack of rainfall reduced both the acreages and paddy yields in important rice states.

A detailed table and analysis appears in the June issue of *World Agricultural Production and Trade: Statistical Report.*

WORLD PRODUCTION OF ROUGH RICE[1]

Continent	1962-63	1963-64	1964-65[2]	1965-66[2]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*
North America	4.0	4.1	4.3	4.5
South America	7.6	8.0	8.4	8.4
Europe	1.5	1.5	1.6	1.5
USSR	0.3	0.4	0.5	0.6
Africa	5.6	5.8	5.8	5.6
Asia	132.7	145.1	148.2	134.9
Oceania	0.2	0.2	0.2	0.2
Total	151.9	165.1	169.0	155.7

[1]Excluding Communist China, North Korea and North Vietnam. [2]Preliminary.

Argentina Encourages Wheat Planting

As the Argentine wheat planting season for the 1966-67 crop progresses, the outlook is for substantial expansion in the planted area over the 1965-66 level. Estimates of the increase range from 10 to 20 percent.

The main factor is the favorable price outlook—result of the government's commitment to increase the guaranteed price if such an action is warranted by rising costs of production. Another is the expansion in some areas diverted to other uses last year because of unfavorable weather conditions for wheat.

With soil conditions almost uniformly good at planting

time, it is believed that wheat area will total at least 14.8 million acres, against 13.5 million last year.

U.S. Imports of Livestock, Meat Products

During the first 4 months of 1966, total red meat imports were 36 percent larger than the January-April 1965 levels; imports of beef and veal were up 31 percent, while 36 percent more pork was imported.

At the same time, U.S. imports of wool were 27 percent above January-April 1965. This reflects the continuing uptrend in mill activity in the apparel sector, reduced domestic output, and an increased demand for wool fibers.

Imports of live cattle—mainly stockers and feeders from Canada and Mexico—reached 388,000 head in the first 4 months of 1966, about 70 percent above the level during the same period a year ago. Higher U.S. cattle and beef prices are reflected in these increased imports of cattle.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	April		Jan.-Apr.	
	1965	1966	1965	1966
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	128	268	836	1,580
Fresh and chilled	337	1,569	2,343	5,232
Boneless beef	28,790	53,182	149,537	191,703
Cuts (prepared)	89	295	615	1,298
Veal	1,382	2,223	4,924	6,378
Canned beef and beef sausage	5,871	5,554	17,485	24,709
Prepared and preserved	1,824	1,813	5,349	5,879
Total beef and veal	38,421	64,904	181,089	236,779
Pork:				
Fresh and frozen	3,657	3,882	14,283	15,268
Canned:				
Hams and shoulders	20,205	19,427	56,517	76,943
Other	3,059	5,098	9,328	17,594
Cured:				
Hams and shoulders	187	151	570	559
Other	451	327	1,664	1,516
Sausage	153	171	523	711
Total pork	27,712	29,056	82,885	112,591
Mutton and goat	1,768	6,092	6,098	19,597
Lamb	646	2,423	2,964	7,029
Other sausage	357	489	1,746	1,885
Total red meat	68,904	102,964	274,782	377,881
Variety meats	111	347	656	1,580
Wool (clean basis)				
Dutiable	19,197	17,387	56,907	75,526
Duty-free	10,986	9,533	31,261	36,415
Total wool	30,183	26,920	88,168	111,941
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	19	9	70	107
Calf	66	16	163	95
Kip	62	29	198	136
Buffalo	37	31	183	148
Sheep and lamb	4,288	3,358	13,471	11,531
Goat and kid	1,893	856	4,920	3,921
Horse	37	17	98	97
Pig	612	268	1,116	739
	Number	*Number*	*Number*	*Number*
Live cattle[1]	82,231	93,107	227,495	388,565

[1]Includes cattle for breeding.

U.S. Department of Commerce, Bureau of the Census.

Italian Almond Pack Estimate Lower

Italy's 1966 shelled almond crop has been forecast at 40,000 short tons—down slightly from the estimated 42,000-ton 1965 crop—but above the 1960-64 average of 35,000 tons. Puglia is expected to produce more than half of the current crop, while Sicily should account for the bulk of the remainder. Stocks as of September 1, 1966, are forecast at 3,000 tons, compared to 6,500 a year earlier.

Exports during the 1966-67 marketing year may total 31,000 tons, or 3,500 less than the 1965-66 estimate. Traditionally, Italy's major foreign markets have been West Germany, France, and the Netherlands.

Record Spanish Almond Pack Forecast

The 1966-67 Spanish almond crop has been forecast at an alltime high of 40,000 short tons shelled basis—up 9,000 tons from the revised estimate of the 1965-66 crop. Spain's 1960-64 average is 30,600 tons. The mid-March frosts in the mountain areas of Lerida, Aragon, Cuenca, and Albacete are not believed to have been as serious as originally reported in Spain. The Largueta variety may have suffered the most damage.

It appears that Spanish stocks may approximate 3,000 tons in September, about 1,000 more than stocks on September 1, 1965, but much smaller than average.

Exports during the 1965-66 marketing year (Sept. 1-Aug. 31) are forecast at 19,800 short tons—down 7,600 tons from the previous year. Spain's leading export markets in 1965-66, as in earlier years, have been France, the United Kingdom, Sweden, West Germany, and Switzerland.

French Cherry Pack Down in 1966

The 1966 cherry crop in France is short owing to freezes during blooming this spring. The crop is variously estimated at 85,000 to 100,000 short tons, well below the 1965 volume of 120,100 tons and the 1960-64 average of 109,900 tons.

The French processing industry has been encountering stiff competition from the fresh fruit market for the limited supplies of cherries. Glace processors were able to agree with cherry producers on a minimum price this season, but this is not too meaningful. In recent years prices paid to growers have been above the minimum price, reflecting strong demand by the fresh fruit market. Market prices quoted thus far this season for Bigarreau varieties, in the districts where processors also buy, have been considerably higher than a year ago. Quotations vary considerably by time, place, and variety. The premium paid growers for spraying against cherry fly is $0.0046 per pound of sprayed cherries. In 1965 and 1964 the premium was $0.0092 per pound.

Estimates of the glace production are at best approximate and forecasts even more so. However, the French glace industry attempts to achieve a fairly stable level of production and will attempt to cover most of the deficit of French cherries with imports of Italian sulfurated cherries. A 1966 glace pack of 17,000 short tons is tentatively forecast—only moderately down from the estimated 1964 and 1965 packs of 17,500 and 18,200 tons, respectively. Possibly 10,000 of the 17,000 tons would be made from Italian cherries.

French exports of glace cherries in 1966-67 will probably be slightly lower than in 1964-65 and 1965-66 when they amounted to an estimated 14,100 and 14,700 tons, respectively. Exports might approximate 13,500 tons.

Opening export prices for French glace cherries are sharply higher. Reportedly, Quality I, c.i.f. U.S. port, are

being quoted at prices from $34.50 to $39.00 per 100 pounds. Last year the comparable price range was $28 to $29, and in 1964, $29 to $30.

India's Pepper Exports Larger in 1965

Reflecting larger purchases by the United States and the Soviet Union, India's black pepper exports in 1965 increased 38 percent over those of the previous year, to 50 million pounds. Shipments to the USSR—the largest buyer of Indian pepper in recent years—increased by 2.3 million pounds.

U.S. purchases last year more than tripled the 1964 level of 3.6 million pounds to reach 12.6 million. During 1965, the United States imported one-fourth of its pepper requirements from India.

Pakistan Exports More Cotton

Exports of raw cotton from Pakistan in the first three quarters of 1965-66 (August-April) amounted to 443,000 bales (480 lb. net), 16 percent above shipments in the same period a year earlier. Exports during the period to principal destinations, in thousands of bales, with comparable 1964-65 figures in parentheses were: Hong Kong 115 (81), Mainland China 101 (118), Japan 100 (70), United Kingdom 29 (24), Poland 29 (9), Indonesia 21 (0), France 15 (13), Netherlands 7 (1), Belgium 6 (9), Switzerland 3 (1), West Germany 1 (4), Spain 3 (9) and all others 13 (49). During the period under review, 30 percent of Pakistan's exports moved to Communist countries compared with 36 percent in the same period a year earlier.

Pakistan's 1965-66 cotton production is placed at 1,850,000 bales, compared with 1,747,000 in 1964-65. The current crop was grown on 3.7 million acres, slightly above the 1964-65 area.

Mill consumption in the August-April period of the current season amounted to 902,000 bales, about 6 percent below consumption in the same 1964-65 period. Total cotton consumption for the entire season may be 100,000 bales less than the 1.3 million bales used in 1964-65.

C.i.f. offering prices for Pakistani growths in Liverpool have ranged from 1½ to 2 U.S. cents per pound above comparable U.S. descriptions in recent months. Pakistan LSS 15/16-inch new crop for November delivery was offered at 26.27 cents, c.i.f. Liverpool, on June 9, while U.S. 15/16-inch was offered at 23.88 cents.

Brazilian Cotton Crop Revised Upward

The 1965-66 cotton crop in Brazil has been revised upward to 2.2 million bales, 200,000 higher than the previous estimate. South Brazil's crop was considerably better than had been expected and is now placed at 1.5 million bales. Although planted area was down substantially from a year earlier, weather conditions were unusually favorable and, as a result, average yields were higher than usual.

Greece Exports More Burley

Greece is steadily increasing its exports of burley tobacco. During the 9-month period July 1965-March 1966, exports of Greek burley totaled 5.4 million pounds and moved mainly to West Germany and Egypt. Average export price per pound was equivalent to 48 U.S. cents. During the full fiscal year ended June 30, 1965, the total export was 4.1 million pounds.

The 1966 acreage of burley in Greece is about 6,000 acres, compared with 4,300 acres in 1965 and 3,600 acres in 1964. Cultivation loans totaling $917,000 will be granted to burley growers this year by the Agricultural Bank. In addition, credits will be granted for purchase of fertilizers and pesticides.

GREEK EXPORTS OF BURLEY TOBACCO

Destination	Year ended June 30			July 1965-Mar. 1966	Price per pound July 1965-Mar. 1966
	1963	1964	1965		
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*U.S. cents*
Germany, West	492	2,176	3,287	4,537	49
Egypt	—	—	—	631	46
Switzerland	—	46	390	68	25
Italy	—	88	—	37	31
Belgium	—	29	53	37	30
Israel	4	—	—	—	—
Netherlands	—	132	55	20	20
Portugal	44	238	—	—	—
Austria	42	128	267	—	—
Others	—	7	—	23	—
Total	582	2,844	4,052	5,353	48

West Germany Uses More U.S. Leaf Tobacco

West German manufacturers (including West Berlin) continued to use more U.S. tobaccos through 1965, setting a new record of 90.1 million pounds, compared with 85.8 million in 1964 and 80.0 million in 1963. All kinds showed gains over 1964, with flue-cured accounting for most of the absolute volume increase, followed by burley and Maryland.

WEST GERMAN USINGS OF U.S. TOBACCOS[1]

Kind	1963	1964	1965[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Flue-cured	65,430	71,615	74,657
Burley	10,904	10,891	11,777
Kentucky[3]	485	478	511
Maryland	904	979	1,285
Cigar leaf	2,269	1,818	1,843
Total	79,992	85,781	90,073

[1]Includes West Berlin. [2]Preliminary; subject to revision. [3]Source of information does not show breakdown by kinds of tobacco included in this category.

The use of U.S. tobaccos in the production of cigarettes last year totaled 81.7 million pounds—up 6.7 percent from the 1964 level of 76.6 million. This represented 36.5 percent of total leaf used in the production of cigarettes, compared with 36.7 percent in 1964. Flue-cured represented 84.8 percent of total U.S. tobaccos used in cigarettes, compared with 85.2 percent for the previous year. Use of U.S. burley rose to 13.9 percent from 13.6 percent for 1964. Also, the use of Maryland increased to 1.1 percent from 1.0 percent for 1964, while Kentucky still accounts for 0.2 percent.

U.S. tobaccos used in cigar production rose to about 2.1 million pounds from 1.9 million for 1964 but were still below the 1963 figure of 2.3 million. The use of U.S. tobaccos in the production of cigars last year represented 3.6 percent of the total, compared with 3.2 percent in 1964 and 4.1 percent in 1963.

In the combined production of fine-cut (for roll-your-own cigarettes), smoking mixtures for pipes, chewing

tobacco and snuff the use of U.S. leaf continued to decline through 1965. U.S. leaf used in the production of these products amounted to 6,228,000 pounds, or 35.8 percent of the total, compared with 7,315,000 pounds, or 38.2 percent of the total, for 1964. Of the U.S. tobacco, 85.6 percent was flue-cured, 7.4 percent burley, 4.8 percent Kentucky and 2.2 percent Maryland.

Stocks of all kinds of U.S. tobaccos held by German manufacturers and dealers on December 31, 1965, totaled 67.4 million pounds, compared with 73.3 million held on the same date for 1964. Stocks of U.S. flue-cured tobaccos dropped to 53.3 million pounds from 58.1 million for December 31, 1964, and were equivalent to a 8.6-month supply. Stocks of U.S. burley totaled 10.7 million pounds, compared with 11.7 million for a year earlier and were equivalent to a 10.9-month supply. Based on 1965 usings, stocks of Maryland were equivalent to a 8.2-month supply; those of Kentucky to a 14.3-month supply; and those of cigar tobaccos to a 12.4-month supply.

Malagasy's Tobacco Exports Down

Malagasy's 1965 exports of tobacco, at 9.3 million pounds, were 16 percent below the 1964 high of 11.7 million pounds. Shipments to France, the principal export outlet, dropped to 8.5 million pounds from 11.1 million in 1964.

Exports of leaf tobacco last year probably totaled 8.6 million pounds, compared with 11.0 million in 1964. These leaf tobacco shipments are destined principally to France, with a minor quantity going to West Germany.

Cigarette exports in 1965 rose to an estimated 700,000 pounds from 629,000 pounds for the previous year. The Reunion, the major outlet, took 653,000 pounds in 1965, compared with 519,000 pounds in 1964.

Ecuador's Cigarette Output Still Rising

Cigarette output in Ecuador continued upward through 1965 and amounted to about 770 million pieces, compared with 753 million in 1964 and 729 million in 1963. Future annual gains in cigarette output are expected to be greater than those of recent years as domestic flue-cured becomes available for manufacture. A 1960 Ecuadoran law that becomes effective July 1, 1966, will require that no less than 65 percent of locally grown flue-cured must be mixed with other kinds used in the manufacture of cigarettes.

Cigar output last year probably approached 700,000 pieces, compared with 661,000 pieces in 1964 and 672,000 pieces in 1963. The production of cigars has recovered somewhat from the 1962 low of 616,000 pieces, but is still substantially below the 31 million pieces produced in 1946.

Norwegian Cigarette Consumption Gains

Norway's sales of factory-made cigarettes total 1,462 million pieces in 1965—up 14 percent from 1964. Sales of smoking tobacco (for pipes and hand-rolled cigarettes) totaled 8.2 million pounds—up 400,000 pounds from the previous year.

About 25 percent of the factory-made cigarettes consisted of imported brands, mainly from Denmark and the United Kingdom. The reduced duty on cigarettes has greatly stimulated imports from other members of the European Free Trade Association—particularly the latter two countries. The duty on EFTA imports is $0.22 per pound, while the duty on non-EFTA cigarettes (including those from the United States) is $1.08 per pound. This nearly excludes U.S.-made cigarettes from the Norwegian consumers' market, although sizable quantities arrive for ships' stores.

Brazil's Peanut Output Up; Soybeans Down

Official estimates place Brazil's recently harvested 1965-66 peanut and soybean crops at 782,000 and 448,000 metric tons, respectively, from 1.6 million and 1.0 million acres. This is a record peanut production, exceeding the 1964-65 outturn by 18 percent. Soybean production, however, at the equivalent of 16.5 million bushels, declined slightly from the record 16.8 million bushels produced in 1964-65.

Brazil's exports of peanuts, soybeans, and soybean products in calendar year 1965, were as follows, in metric tons: peanuts, 18,436; soybeans, 75,078; peanut meal, 114,993; peanut cake, 5,799; soybean meal, 99,051; and soybean cake, 6,005.

WORLD CROPS AND MARKETS INDEX

Cotton

14 Pakistan Exports More Cotton
14 Brazilian Cotton Crop Revised Upward

Dairy and Poultry

12 EEC Exportable Milk Surplus Up in 1965

Fats, Oilseeds, and Oils

15 Brazil's Peanut Output Up; Soybeans Down

Fruits, Vegetables, and Nuts

13 Italian Almond Pack Estimate Lower
13 Record Spanish Almond Pack Forecast
13 French Cherry Pack Down in 1966

Grains, Feeds, Pulses, and Seeds

12 Canada Aids Transport of Feed Grain to Quebec
12 World Rice Production Down in 1965-66
12 Argentina Encourages Wheat Planting

Livestock and Meat Products

13 U.S. Imports of Livestock Meat Products

Sugar, Fibers, and Tropical Products

14 India's Pepper Exports Larger in 1965

Tobacco

14 Greece Exports More Burley
14 West Germany Uses More U.S. Leaf Tobacco
15 Malagasy's Tobacco Exports Down
15 Ecuador's Cigarette Output Still Rising
15 Norwegian Cigarette Consumption Gains

Correction: *Foreign Agriculture*, June 20, page 9, table "Cotton Exports from Free World Countries to Communist Countries," date in "Total" column should read 1965-66, not 1955-66.

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Highlights of the Agriculture and Trade of Spain

Resources.—Spain has a total area of 194,200 square miles, about the size of Utah and Nevada combined, and is second to France as the largest country in Western Europe. About two-fifths of the total area is under cultivation (including orchards, vineyards, and olive groves). Only one-tenth of the cultivated land is irrigated. Spain has a population of 32 million and a labor force of 12 million. In 1965, the gross national product (GNP) amounted to $18.8 billion (current prices) or about $600 per capita.

Agriculture.—Agriculture is of major importance in the economy of Spain; it accounts for about one-fifth of the GNP and provides employment for more than one-third of the working population. Agricultural production in 1965 increased slightly to a level about one-fourth above the 1952-54 average. Agricultural output in both 1964 and 1965 was adversely affected by weather. Gross agricultural production in 1965 amounted to $3.6 billion (current prices). About two-thirds of the value of agricultural output in Spain is derived from grains, orchards, vineyards, and truck gardens. Livestock and dairy products account for little more than one-third of total agricultural production.

Food Situation.—Caloric intake per capita averages about 2,850 daily and has increased by about one-eighth during the past decade. The Spanish diet has improved rapidly in terms of both quantity and quality. Today, consumption of meat is up more than one-third and that of dairy products is one-fourth above the 1959-61 average.

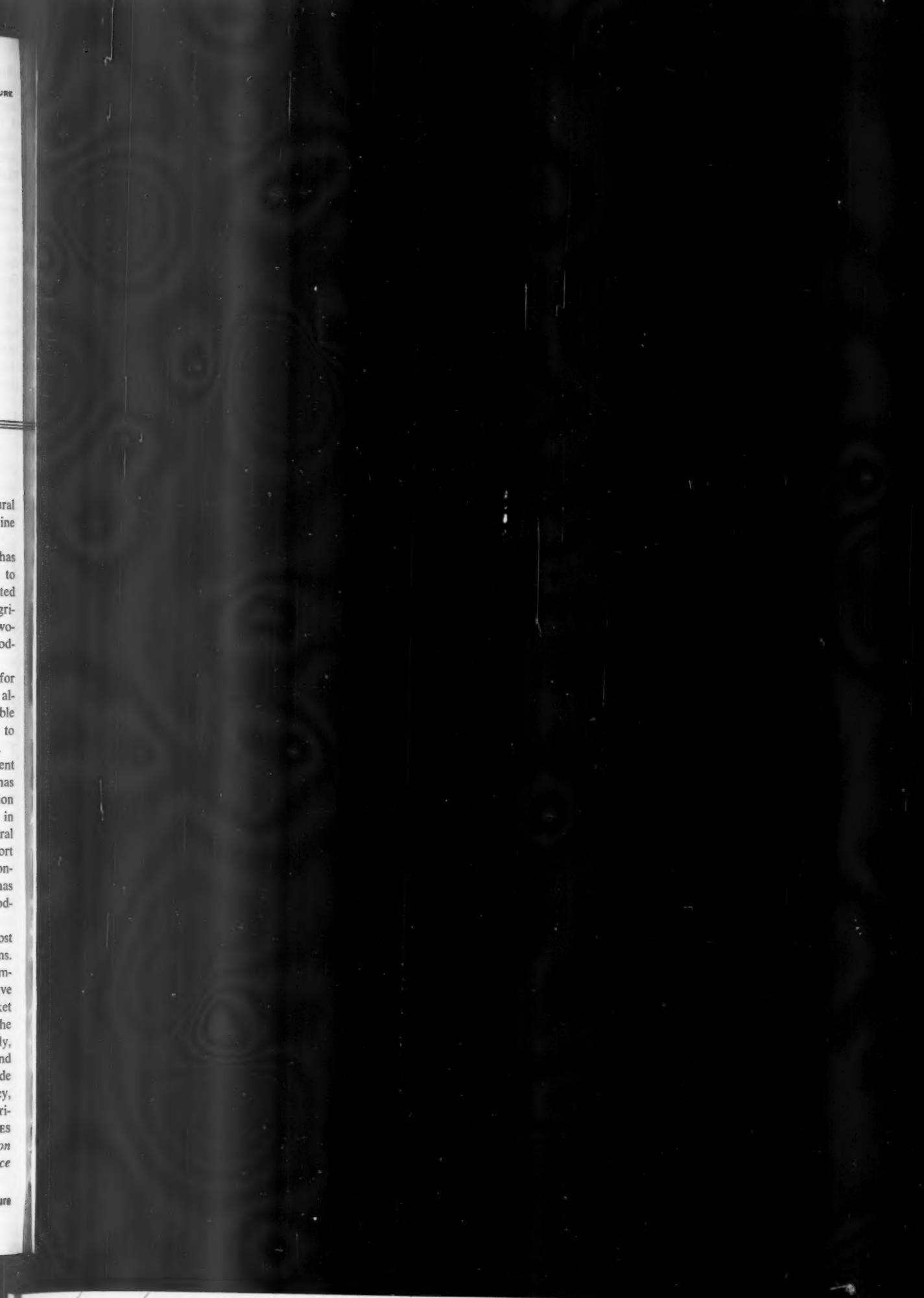
Foreign Trade.—Spain has had unfavorable foreign trade balances in recent years. In 1965, imports (c.i.f.) totaled $3.0 billion of which $679 million, or nearly one-fourth, were agricultural products. Major agricultural imports by Spain in 1965 were feed grains, meat and meat preparations, oilseeds, natural fibers, and the tropical products coffee, tea, and cocoa.

In 1965, agricultural products accounted for slightly less than half of total exports ($944 million, f.o.b.). Exports of fruits—mainly oranges—and vegetables in 1965 accounted for nearly three-fourths of the agricultural total. Other important agricultural exports included wine and olive oil.

Agricultural Trade With the U.S.—The United States has been an important supplier of agricultural commodities to Spain. In 1965, imports of U.S. farm products amounted to about $208 million, or close to one-third of total agricultural imports. Two-fifths of these were grains and two-fifths were oilseeds—mainly soybeans—and oilseed products.

The United States is also an important market for Spanish agricultural products, taking $43 million, or almost one-tenth of total agricultural exports in 1965. Table olives accounted for half of total agricultural exports to the United States, followed by olive oil with one-tenth.

Factors Affecting Agricultural Trade.—Government trade policy regulating Spanish agricultural imports has been protective. However, since joining the Organization for Economic Cooperation and Development (OECD) in 1959, Spain has progressively liberalized its agricultural trade. Since 1964 the government has relaxed import restrictions on food products, mainly as an anti-inflationary measure designed to dampen price increases, and has suspended its import duties on certain agricultural products for various periods of time.

Despite the liberalization of import restrictions, most agricultural products are still subject to some restrictions. The government applies levies and other controls to imports of commodities for which market regulations have been established. The government regulates the market both directly—through government agencies such as the National Wheat Services for cereals—and indirectly, through growers' associations for such crops as rice and olive oil. The National Supply Commission (Comisaria de Abastecimientos y Transportes), a government agency, regulates the distribution and importation of certain agricultural products.

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